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Report of the Secretary-General

Summary

The ministerial declaration on promoting an integrated approach to rural development in developing countries for poverty eradication and sustainable development, adopted by the Economic and Social Council at its substantive session of 2003, outlined essential elements for pursuing rural development in developing countries. Since the adoption of the declaration, there have been many developments in this area. The declaration has contributed to raising awareness regarding the importance of agriculture and rural development in achieving the Millennium Development Goals, in particular with respect to attacking poverty and hunger. Some development partners have embarked on an initiative to coordinate and enhance the harmonization of their activities. At the regional level, notably in Africa, countries have committed themselves to strengthening their efforts in promoting agriculture. At the national level, many countries have committed to strengthening their efforts to eliminate poverty and hunger.

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The challenge of rural poverty reduction is, however, even greater today than in 2003. Old challenges persist and there are new challenges of great magnitude threatening to push the rural poor ever deeper into poverty. That the increase in global food prices impacts directly on the poorest in rural areas signals the ever greater urgency of improving agricultural productivity and increasing food production. Yet, at the same time, the effects of climate change are undermining agricultural production — particularly in the more marginal areas where large numbers of the rural poor live. It is vital that an integrated approach to rural development be pursued, one demonstrating the links among environmental sustainability, agricultural productivity and rural poverty. The Economic and Social Council may wish to consider adopting a programme on rural development that articulates the role that can be played by different stakeholders in the short run as well as in the medium-to-long run.

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I. Introduction

1. The ministerial declaration on promoting an integrated approach to rural development in developing countries for poverty eradication and sustainable development,[1] adopted by the Economic and Social Council at its substantive session of 2003, outlined five essential requirements to be met in pursuing rural development in developing countries. First, rural development should be pursued through an integrated approach, encompassing the economic, social and environmental dimensions. Second, the approach should be balanced, targeted, situation-specific, locally owned, include local synergies and initiatives, and responsive to the needs of rural populations. Third, this approach should be supported by robust, broad-based and equitable economic growth as well as human resources development. Fourth, an enabling international economic environment should be created to support these efforts. Finally, partnerships at the national and international levels to foster collaboration among actors in different sectors would play a critical role in promoting an integrated approach to rural development.

2. Since the adoption of the declaration, there have been many developments in this area. Progress has been made in some domains but challenges still remain. Some new challenges have emerged in the wake of the slowing down of the global economy and the financial crisis. These are to be coupled with the consequences of climate change that are ever more imminent and the growing global food crisis. Review of the implementation of the ministerial declaration takes place against this backdrop. In addition to the review of the issue at the 2008 high-level segment of the Economic and Social Council, there are a number of other meetings being convened in 2008 to cover its various aspects.[2] The present report should be read in conjunction with the reports prepared for those meetings.

II. Review of implementation

A. Overview of the current situation

3. Considerable progress has been made towards achieving the goal of halving the proportion of people living in extreme poverty between 1990 and 2015. Between 1990 and 2004, the *proportion* of people living on less than $1 a day in developing countries dropped from 31.6 to 19.2 per cent. The absolute *number* of the extreme poor also fell — from 1.25 billion to 980 million. While the decline in the number of the extreme poor is considered to have been due mainly to the decline in their numbers living in the rural areas, the rural areas of developing countries are still home to three quarters of the extreme poor. This proportion has not changed since the last time this topic was considered by the Economic and Social Council. Closer examination reveals that the number of the rural poor has declined in East Asia and the Pacific, from 1,036 million in 1993 to 883 million in 2003. However, the

[1] See *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 3* (A/58/3/Rev.1), chap. III, para. 35.

[2] These meetings include the Council's 2008 annual ministerial review, the Council's 2008 coordination segment and the sixteenth session of the Commission on Sustainable Development (5-16 May 2008).

number of the rural poor in South Asia and sub-Saharan Africa has continued to rise and, until 2040, will likely exceed the number of the urban poor.

4. As regards hunger, the proportion of underweight children dropped from 33 per cent in 1990 to only 27 per cent in 2005. It is unlikely that the global target for underweight children will be met. If current trends continue, the 2015 target will be missed by a figure of 30 million children. It should be noted that children in rural areas are twice as likely to be underweight as children in urban areas. Along the same lines, the absolute number of undernourished people in the population decreased during the same period (by a meagre 3 million), from 823 million to 820 million, with 80 per cent living in rural areas.

5. In 2006, for the first time in recent history, the number of children dying before their fifth birthday fell below 10 million, to 9.7 million. However, child mortality is higher among children living in rural areas and in the poorest households. The under-five mortality rate is 105 deaths per 1,000 live births in rural areas, compared with 69 deaths per 1,000 live births in urban areas. Among the poorest 60 per cent of households, the under-five mortality rate is 107 deaths per 1,000 live births, while among the richest 40 per cent, 67 children die for every 1,000 live births.

6. With over 1 billion people employed therein, agriculture is the second most important sector for employment after services. Of that 1 billion, 95 per cent are found in developing countries, accounting for about half of the employment there, although the proportion is declining. Agriculture is the main employer in many developing countries, particularly in sub-Saharan Africa and South Asia, where it accounts for 65 per cent and 48 per cent respectively of full-time employment. The number of people employed in agriculture has in fact increased since 1991 in all developing regions except East Asia.

7. Agriculture is a source of livelihoods for an estimated 86 per cent of rural people. Of the developing world's 5.5 billion people, 3 billion, representing nearly half of the total world population, live in rural areas. Of these rural inhabitants, an estimated 2.5 billion are in households involved in agriculture, and 1.5 billion are in smallholder households. Most of the rural poor typically depend directly or indirectly for survival on agriculture, forestry, fishery and related activities. The poorest remain the landless, sharecroppers, whose farming plots of land are too small or too dry to provide for their needs, nomadic pastoralists and subsistence fishing communities. Indigenous peoples, principally in Asia and Latin America, represent only 4 per cent of the world's population, yet they make up 15 per cent of the world's extreme poor. Women remain among the most vulnerable and marginalized everywhere, and in many countries emigration of men from rural areas is resulting in feminization of rural economies.[3]

8. Although its share is in general declining, agriculture still accounts for a high share of the value added in gross domestic product (GDP), in certain countries: for example, 30 per cent in heavily indebted poor countries and 28.5 per cent in least developed countries. GDP growth generated by agriculture is as much as four times more effective in benefiting the poorest half of a country's population than growth generated by other sectors. Not only is agriculture an engine of growth, but it also

[3] International Fund for Agricultural Development (IFAD), "Meeting the challenge by delivering results: IFAD 2010-2012", draft VII.

contributes to development in many ways: as an economic activity, as a livelihood, and as a provider of environmental services.[4]

9. Over the past 30 years, irrigated land in Africa has increased at a rate of 1.2 per cent per annum. However, the rate of increase began to fall in the mid-1980s and is currently below 1 per cent. The annual growth rate since 1995 has averaged between 0.5 and 0.7 per cent. Irrigated land represents only less than 10 per cent of the potential in Africa, a figure that compares poorly with those of India (26 per cent) and China (44 per cent). The annual rate of growth of irrigated land area is far below the 7 per cent required to achieve the African Union target[5] of 20 million hectares by 2015. By international standards, fertilizer use is also extremely low in Africa.

10. In 2004, in agriculture-based countries, typically the poorest of all developing countries, only 4 per cent of total budgetary resources were spent on supporting agriculture. In addition, the amount of official development assistance (ODA) going to agriculture had fallen from $8 billion in 1984 to $3.4 billion in 2004, by which time it made up only 4 per cent of total ODA. Today, the total ODA to agriculture in Africa is at the level of about $1.2 billion, the same level as in 1975. Some bilateral donors have withdrawn entirely from the sector. In contrast, private investment — both domestic and foreign — in agricultural value chains is increasing rapidly in many countries. In addition, private foundations as well as new bilateral donors are becoming important sources of agricultural development financing. The Alliance for a Green Revolution for Africa, with initial support from the Rockefeller Foundation and the Bill & Melinda Gates Foundation, is an important Africa-led initiative.

11. Limited access to infrastructure severely restricts the services that are available to the rural poor, including electricity, telephones, schools, health centres, towns and markets. Approximately 700 million rural people live more than two kilometres from an all-seasons road and, in some countries, only 10 per cent of rural roads are deemed to be in good condition. Poor access to infrastructure continues to impose a disproportionate burden on rural women in parts of sub-Saharan Africa, where women spend many hours everyday on transport just to meet household subsistence needs.

12. The fact that limited access to markets, including credit and insurance, also makes the poor less able to maintain or achieve regular access to basic services and investments, such as education and health care, can ultimately exacerbate their poverty. Some 82 per cent of all children out of primary school live in rural areas. Lowest levels of secondary school attendance are in the poorest households and in rural areas. Thirty per cent of rural children in developing countries are out of school compared with 18 per cent in urban areas. In rural areas, children are likely to have to travel much further to reach the nearest school; and their parents are less likely to have been educated and to value education. In addition, it is often harder to attract good teachers to the countryside. Gender disparities are largest in poor and rural households.

[4] IFAD script for *World Development Report 2008: Agriculture for Development* (Washington, D.C., World Bank, 2007).

[5] Comprehensive Africa Agriculture Development Programme of the New Partnership for Africa's Development.

13. Seventy-three per cent of people living in rural areas have access to improved sources of drinking water compared with 95 per cent in urban areas. Every year, unsafe drinking water, a lack of basic sanitation and poor hygiene kill at least 1.6 million children under age 5 and the majority of these deaths occur in rural areas in developing countries. Sub-Saharan Africa is the region of greatest concern: rural water supply and sanitation coverage remains very low, at 42 and 28 per cent, respectively. In this region, the number of people without access to an improved water supply increased by 35 million and the number without sanitation rose by 56 million in the period from 1990 to 2004.

14. In telecommunications, the mobile sector exhibits high growth, with mobile penetration rates having averaged 40 per cent at the end of 2006. At the current growth rate, global mobile penetration is expected to reach 50 per cent by early 2008. Mobile services have been critical in enhancing access to telecommunications in many developing regions and rural areas, where fixed lines remain limited or non-existent.

15. Investment in information and communication technologies (ICT) infrastructure in Africa has improved dramatically in recent years, totalling $8 billion in 2005, up from $3.5 billion in 2000. These figures reflect an increasingly vibrant private sector investment environment, which has been stimulated by the opening of most African telecommunications markets, coupled with the establishment of independent regulators in almost 90 per cent of the countries in the region. The African mobile market has been the fastest-growing market of all regions, growing at twice the rate of the global market, with the number of subscribers having leaped from 16 million to 136 million between 2000 and 2005. Mobile now outnumbers fixed line penetration by nearly 5 to 1 in Africa. However, the penetration may not be even across regions. A study of 10 African countries in 2005[6] found that rural households had by far less access to fixed line or mobile telephones and computers than urban households, and also had to overcome much greater barriers of distance and travel time to access telephones, computers and the Internet through telecentres and cybercafes.

B. Specific steps towards promoting integrated rural development

16. The ministerial declaration adopted by the Economic and Social Council in 2003 has contributed to raising awareness on the importance of agriculture and rural development in achieving the Millennium Development Goals, in particular with respect to attacking poverty and hunger. There have been efforts among some development partners to coordinate and enhance harmonization of their activities. At the regional level, notably in Africa, countries have committed themselves to strengthening their efforts in promoting agriculture. At the national level, many countries have committed to strengthening their efforts in eliminating poverty and hunger. Public-private partnerships in some countries are also being promoted under the auspices of the Economic and Social Council among others. The United Nations system — led by three Rome-based organizations: the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP) — has also intensified

[6] Alison Gillwold, ed., "Towards an African e-index: household and individual ICT access and usage across 10 African countries" (Research ICT Africa, 2005).

its efforts towards promoting rural development and agriculture. As regards social protection, a number of United Nations system organizations are jointly implementing initiatives and projects on a spectrum of issues, ranging from education to health. Despite all these efforts, there seems still to be a lack of an overall coherent framework for rural development at the country level which would coordinate all these disparate efforts. The Global Donor Platform for Rural Development is an effort being undertaken in this regard by donors and development partners.

17. At the global level, the Global Donor Platform for Rural Development,[7] initiated in 2004, brings together some 39 bilateral and multilateral development agencies, including United Nations system organizations, such as IFAD and FAO, to coordinate approaches to rural development, with a view to improving the effectiveness of aid for rural development. Among the key issues covered by the Global Platform are sector-wide approaches in agriculture and rural development, rural-urban linkages, and monitoring and evaluation of rural development. A code of conduct for agriculture and rural development programmes is being developed for effective coordination and mutual accountability among donors engaged in such programmes, with the aim of attracting increased and more effective investments.

18. At the regional level, the States members of the African Union have committed to allocating at least 10 per cent of their budgetary resources to agricultural and rural development. In addition, the Comprehensive Africa Agriculture Development Programme of the New Partnership for Africa's Development provides a framework for restoring agricultural growth, rural development and food security in Africa. The African Union Summit on Food Security in Africa, held in Abuja from 4 to 7 December 2006, requested the African Union Commission to oversee the promotion of rice, legumes, maize, cotton, palm oil, beef, dairy, poultry and fisheries products as strategic commodities at the continental level with respect to fostering greater intraregional trade and food security.

19. The International and National Alliances against Hunger have been established on a voluntary basis to mobilize action to achieve the Millennium Development Goal of halving, between 1990 and 2015, the proportion of people who suffer from hunger. Between 2003 and 2006, 95 countries had expressed interest in forming a National Alliance against Hunger. As of May 2006, 25 such alliances had been successfully organized and another 23 were in the process of being organized.

20. The United Nations Public-Private Alliance for Rural Development was established as an ad hoc initiative of the Economic and Social Council following the adoption of the 2003 ministerial declaration. The Council endorsed Madagascar in 2004 and the Dominican Republic in 2005 as its first two pilot countries, and in 2007 welcomed the initiative of the Governments of Angola and Ethiopia to serve as the third and fourth pilot countries. In 2004, the Government of Madagascar established Alliance Madagascar to promote partnerships in rural development. In the Dominican Republic, it is the Presidential Commission on the MDGs and Sustainable Development, established in 2004, that supports this work.

21. The FAO International Conference on Agrarian Reform and Rural Development, organized jointly by FAO and the Government of Brazil in 2006, can also be seen as constituting an important step towards promoting rural development.

[7] Website: http://www.donorplan.org/component/option,com_frontpage/Itemid,1/.

The Conference's final declaration,[8] adopted on 10 March 2006, presented a vision and principles for agrarian reform and rural development and emphasized the need for inclusive dialogue and coherent, ethical, participatory and integrated policies and programmes based on decentralization and empowerment at local level. It also emphasized the importance of capacity-building, technical assistance, applied research and technology development and transfer.

22. A number of United Nations agencies and organizations are collaborating on the social front. FAO and the International Labour Organization (ILO) have intensified joint efforts to promote decent rural employment, including mainstreaming the *Toolkit for Mainstreaming Employment and Decent Work*[9] as a basis for developing a rural employment strategy. There is increased collaboration among agencies on child labour in agriculture, and on efforts, in various dimensions, to strengthen social welfare and workers' health and safety in accordance with the principles of Good Agricultural Practice.

23. The United Nations Girls' Education Initiative, an active and expanding partnership of over 13 organizations, was established in 2000 to focus programmes and advocacy on girls' education, Education for All and Millennium Development Goals 2 and 3. The School Fee Abolition Initiative is now widely recognized within the international education and development community as a key mechanism for supporting countries in reaching the Millennium Development Goals on education and Education for All-related goals. The United Nations Children's Fund (UNICEF) and its partners promote policy dialogue and reporting.

24. Many specific World Health Organization (WHO) programmes serve to strengthen capacity within the formal health sector, including the Health Action in Crises (including weather-related natural disasters), HIV/AIDS, Roll Back Malaria, Neglected Tropical Diseases and Communicable Diseases Surveillance and Response programmes. The Water, Sanitation and Health Programme of WHO focuses on water resource quality, health impact assessment, intersectoral collaboration, and environmental management, with the aim of reducing the incidence of preventable water-related diseases.

25. Ecosystem services are especially critical for rural communities, in particular in developing countries. Water regulation and purification, soil retention, nutrient-cycling and pollination are just a few of the critical ecosystem services on which rural communities depend for their well-being including livelihoods, security, resilience and health. The Poverty-Environment Initiative (PEI) of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) highlights the links between environmental sustainability and poverty, by demonstrating the costs of environmental degradation and the benefits of environmentally sustainable land use, and supports Governments in increasing the priority given to sustainable agricultural practices. Under this initiative, sustainable land use, including sustainable agriculture, is promoted in the country programmes, with an increasing focus on the agricultural sector being perceived as a key to reducing rural poverty.

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[8] Food and Agriculture Organization of the United Nations, *Report of the International Conference on Agrarian Reform and Rural Development, Porto Alegre, Brazil, 7-10 March 2006* (C 2006/REP), appendix G.

[9] *Geneva, International Labour Office/United Nations System Chief Executives Board for Coordination* (2007).

26. In Western Asia, the Economic and Social Commission for Western Asia (ESCWA) collaborated with ILO and the United Nations Industrial Development Organization (UNIDO) between 2004 and 2007 in fostering employment-creation and income-generation in rural parts of South Lebanon by providing support to small producers engaged in agricultural and agro-industries. ESCWA is continuing this work by forging partnerships with other regional players, including the Arab Authority for Agricultural Investment and Development and the Arab Fund for Economic and Social Development. Work has specifically focused on fostering the creation of clusters of small producers and encouraging them to work together in agricultural projects as a means to improve the productivity and competitiveness of their efforts.

27. Rural-urban linkages are a key determinant in respect of ensuring the flows of public and private capital, people, goods and information and the diffusion of knowledge and technology from urban centres to rural areas. These flows are increasingly dependent on urban and regional infrastructure such as transportation, ICT and basic services. In cooperation with UNDP and Governments of several countries, including Nepal and Indonesia, the United Nations Human Settlements Programme (UN-Habitat) is promoting rural-urban and public-private partnership programmes, through improvement of infrastructure and services. With the aim of revitalizing local economies in the Lake Victoria region through improved agricultural productivity and the development of complementary urban markets, a regional development initiative is being promoted by several United Nations system organizations together with the Common Fund for Commodities.

28. The United Nations Development Fund for Women (UNIFEM) has supported a programme designed to assist Governments of countries in West and Central Africa in the development of coherent agricultural policies and strategies within rural areas which can strengthen the capacities of rural women. The programme is focused on implementing an action plan for the period 2004-2007 through the creation of a framework for rural development in West and Central Africa. This action plan is now used as an instrument for ensuring the integration of gender within the framework's strategies and objectives.

29. Efforts have been made to tailor programme support to the specific needs of different communities. IFAD, for example, works with particular groups, notably indigenous peoples and other ethnic minorities, in some regions. Women have been a particular focus in all regions.

30. The Consultative Group on International Agricultural Research (CGIAR), a research network of 15 international agricultural research centres, mobilizes leading scientists and agricultural researchers to promote sustainable agriculture for food security in developing countries. IFAD, UNDP, the World Bank and FAO sponsor the CGIAR network.

III. Current challenges

31. The prospects for the world economy have turned gloomy following the downturn of the economy of the United States of America. The impacts of the slowdown will be felt in many developing countries, reversing the course of steady growth enjoyed for most of the last decade. In addition, high energy prices have been affecting energy-importing countries. Triggered partly by these factors, food

prices, which had been increasing since 2001, have risen sharply in recent months, posing a threat to many developing countries, especially low-income food-deficit countries. Poor households that are net buyers of food suffer the most. While high food prices could offer opportunities to food producers, support must be extended to rural farmers so that they can also benefit from the situation. In addition, climate change poses threats, with the most serious consequences reserved for those who lack the means to prepare for, and adapt to, the adverse impacts.

32. As noted directly above, the most recent challenge has been a dramatic and alarming increase in food prices. Increasing food prices have historically contributed to political instability and unrest linked to high food prices has already occurred in a number of countries. The FAO food price index rose by 9 per cent in 2006 and by 23 per cent in 2007. By the end of March 2008, the prices of wheat and maize had risen by 130 per cent and 30 per cent, respectively, over a year, while that of rice has more than doubled since late January 2008. The price of nearly every food commodity has increased. These high food prices will jeopardize the success of the fight against hunger and the achievement of other Millennium Development Goals, if no action is taken to mitigate the impacts. The food-insecure and poor households will be the most affected. With higher prices, the poor reduce the amounts that they consume and switch to foods with lower nutritional value. There is a need to ensure the provision of safety nets and social protection for persons without access to food. While net-exporting countries will benefit and experience better terms of trade, net-importing countries will face a larger food import bill. Although commodity prices are inherently volatile because of low supply and demand elasticities, most experts expect food prices to remain volatile and high for some time, despite their gradual decline from expected peaks in 2008 or 2009.[10]

33. The magnitude of this price increase has also affected the activities of organizations engaged in humanitarian assistance, such as WFP. While the demand for food assistance increases, the ability of WFP to respond has been reduced. Food aid deliveries had declined almost continuously from 15 million metric tons in 1999 to 6.7 million metric tons in 2006, and probably declined further in 2007. Moreover, the cost for WFP to deliver food to beneficiaries has increased more than 70 per cent over the period 2002-2007. In April 2008, WFP made an extraordinary plea for an additional $755 million to fulfil its commitment for 2008 to feed 73 million people suffering from hunger. Additional funding will be required to meet the food requirement of the additional millions estimated to be at risk for hunger and malnutrition.

34. Impacts differ between countries that are net food exporters and those that are net food importers. Fifty-five per cent of developing countries are net food importers and almost all countries in Africa are net importers of cereals. According to FAO, the total cost of food imports for low-income food-deficit countries was 24 per cent higher in 2007 than in 2006, having risen to $107 billion, more than twice the bill in 2000. The terms-of-trade losses have amounted to 0.5 per cent of GDP in low-income countries since the end of 2004. In 29 countries, those losses have amounted to 1 per cent of GDP and to nearly 5 per cent of GDP in the most-

[10] See, for example, World Bank, *Global Economic Prospects, 2008: Technology Diffusion in the Developing World* (Washington, D.C., World Bank, 2008); and Organization for Economic Cooperation and Development (OECD)-FAO, "Agricultural outlook 2007-2016" (Paris, 2007).

affected country.[11] Fuel importers have at the same time endured the additional burden of higher oil prices. Many developing countries rely on imports to supplement domestic production shortfalls. Rising international prices and export restrictions imposed by some countries have made this more difficult.

35. Higher food prices also contribute to macroeconomic instability. In developing countries, with a large food share in the consumer price index, rising food prices cause inflationary pressure. Inflation in developing economies accelerated in 2007 to 5.6 per cent, up from 5.0 per cent in 2006, and in least developed countries inflation increased to 16.4 per cent from 11.9 per cent over the same period.[12] Higher food prices could also contribute to fiscal imbalances. Government expenditures on safety net programmes, whether food-based or not, will increase because of the increase in the number of beneficiaries and the cost per beneficiary. Moreover, several Governments have lowered taxes and tariffs on food to mitigate the impact.

36. Higher food prices also affect households by limiting their access to food. The most vulnerable are those who spend a large share of their income on food. They include the urban poor, the rural landless, pastoralists and many small-scale farmers and agro-pastoralists, who grow non-food crops, depend on limited livestock sales or buy more food than they sell.

37. In response to the current alarming situation, the Secretary-General has established the Task Force on the Global Food Security Crisis to coordinate the United Nations system's efforts to address the global crisis. The Economic and Social Council has organized a special meeting on the global food crisis, to be held from 20 to 22 May 2008, to raise awareness more widely and solicit stakeholders' support in international relief efforts. The High-Level Conference on World Food Security: The Challenges of Climate Change and Bioenergy, organized by FAO in collaboration with the other Rome-based agencies and to be held in June 2008, will address food security and poverty reduction in the face of climate change and in the context of energy security.

38. Climate change is another challenge that has increased the urgent need for action. Agricultural production is expected to fall in tropical and most temperate regions as a consequence of climate variability and uncertain growing-season length, decreased water availability, new patterns exhibited by pests and diseases and a loss of biodiversity. Recent analysis[13] suggests that production in developing countries could decline by between 9 and 21 per cent by 2080. Africa is expected to fare worst, but countries in all regions will suffer. Almost everywhere, it is the poorest and most vulnerable in rural areas that will be hardest hit. Temperature increases will reduce not only the yields of most crops, but also the area of arable land, particularly in Africa. Episodes of drought and heavy flooding are likely to become more frequent and severer. Crop yields could drop by 50 per cent in some countries and almost 50 million additional people will be at greater risk of hunger by 2020.

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[11] *Global Economic Prospects*, 2008, ..., p. 40.

[12] *World Economic Situation and Prospects 2008* (United Nations publication, Sales No. E.08.II.C.2), table A.6.

[13] William Cline, "Global warming and agriculture: new country estimates show developing countries face declines in agricultural productivity", CGD Brief (Washington, D.C., Center for Global Development, September 2007).

39. Given limited institutional and financial capacities at local level, these challenges posed by climate change will impact on poverty, hunger and health conditions of the rural communities. As countries are not sufficiently prepared to cope with these impacts, they need to develop response strategies and promote resilience. The living conditions of poor rural households and farmers who depend on natural resources and subsistence agriculture will likely further deteriorate.

40. The urgent situation resulting from the current food crisis warrants an immediate response. For the medium and long terms, the combination of high food prices and the already heightened threat of climate change offers the opportunity to develop well-coordinated, coherent programmes for promoting sustainable rural development, and featuring improvement of agricultural productivity. Some of the key aspects of the responses in the medium-to-long term are highlighted below.

A. Increasing agricultural productivity

41. An increase in agricultural productivity contributes significantly to poverty reduction, especially in rural areas. A study of 58 developing countries[14] concluded that a 10 per cent increase in agricultural productivity was associated with as much as a 6 per cent reduction in the proportion of people living on $1 a day. For 19 African countries, the relationship was almost one-to-one. Productivity growth is most needed in Africa. Both total and partial factor productivity grew at slower rates in the least developed countries than in other developing countries between 1961 and 2003. Least developed countries have lagged behind other developing countries in terms of both productivity levels and productivity growth.

42. The main sources of productivity growth include technological change, institutional and governance reform, and structural shifts. For Africa, increases in irrigated land and fertilizer use are among the crucial factors. Institutional and governance reforms are also necessary to ensure that the policymaking and implementation process addresses market failures, insufficient learning and innovation, and inadequate administrative and institutional capacity. In addition, sustainable rapid growth must be accompanied by structural change, in which labour and capital move from traditional low-productivity activities into modern sectors and subsectors with increasing returns. Investments in infrastructure, both physical and social, contribute to productivity increase, as elaborated below.

B. Infrastructure

43. Rural infrastructure and support services play a key role in promoting rural development, in particular in enhancing agricultural production. They influence the quality, quantity, diversity, affordability, distribution, and stability of the food supply from rural areas. Widely dispersed populations, low-volume economic activities, sparse service provision and distance between households are major challenges for cost-effective rural infrastructure which, to be overcome, require significant investments and new approaches, such as transport hubs. Provision of

[14] Lin Lin and others, "Agricultural productivity and poverty in developing countries", extension to DFID Report, No. 7946 (London, United Kingdom Department for International Development, 2001).

roads, transport, water and irrigation, power and telecommunication encompasses important elements of rural infrastructure.

44. There are 2.5 billion people who still rely on traditional fuels, such as wood, dung and agricultural residues, for heating and cooking. Only 46 per cent of rural households have access to electricity, compared with 89 per cent in cities. Reliance on traditional fuels could trap their users in poverty by diverting time from productive activities to the collection of fuelwoods. In addition, traditional fuels cause health hazards and damage the environment. Moreover, without electricity, the rural population does not have access to modern services such as electric lighting and refrigeration. Developing a policy framework and attracting investments directed towards providing access to affordable modern energy services are crucial undertakings.

45. The improvement of access to water resources and improved sanitation are important both for healthy livelihoods of the rural population and for agricultural production. Low access to safe drinking water and adequate sanitation is the root cause of many diseases that affect Africa. Improving such access is crucial in achieving the Millennium Development Goals. Agriculture is the largest user of global water supplies, accounting for at least 70 per cent of the total. By 2025, 1.8 billion people will be living in countries or regions with absolute water scarcity, while two thirds of the world's population could face water-stressed conditions. Irrigation is crucial to food production. According to FAO, there is enough irrigable land to meet future needs: in developing countries, only half of the potential is being used. While Southern Asia, Western Asia and Northern Africa will experience water resources as a major constraint, sub-Saharan Africa has the potential to expand irrigation.

46. Telecommunication constitutes an important factor in screening market information. Only 8 per cent of rural households have telephones, compared with 38 per cent in cities. Some innovative approaches are being explored that build on advances in communications technology, involving, for example, radio, cellphones, television and the Internet. Information systems keep farmers and traders abreast, inter alia, of demand and other market information, weather patterns, and available agricultural technology and services. Access to the range of information makes rural farmers and traders more competitive and may enable them to penetrate distant markets.

C. Social protection and vulnerable groups

47. It is crucial to ensure that the most vulnerable people are protected from shocks through effective social protection systems, which prevent people from falling into the poverty trap. In this regard, social protection may include assistance in the form of food, vouchers or cash transfers, as well as insurance schemes and productivity-enhancing measures for poor farmers. Social protection should be nested within countries' broader plans for development, pro-poor growth and poverty reduction. Assistance on social protection mechanisms should be context-specific and tailored to meeting local needs and capacities.

48. WFP is testing an innovative scheme entailing the expansion of the humanitarian insurance policy in Ethiopia to cover 6.7 million people. The scheme will provide cash payouts to farmers in the event of a severe drought. The scheme

provides insurance against severe weather events and builds a comprehensive risk management framework.

49. Particular attention needs to be paid to vulnerable groups of people. Indigenous peoples and minorities are often the poorest groups in the countries in which they live. Those groups are predominantly rural. The fact that disproportionate numbers of indigenous peoples and minorities live below the poverty line or in extreme poverty has been documented.[15] It has also been noted that the United Nations Country Teams have not always integrated the economic development of indigenous peoples and minorities into country programmes.

D. Climate change

50. In spite of the increasing threats posed by climate change, there is little evidence that the rural poor are receiving the help that they need to adapt to climate change. As at mid-2007, actual multilateral financing delivered pursuant to the variety of initiatives under the United Nations Framework Convention on Climate Change[16] had reached only $26 million.[17] Although bilateral and multilateral donors are gradually increasing support for adaptation, they are doing so from an extremely low base, and planning and financing for climate change adaptation are not yet core to most donor agencies' programmes.

51. Understanding the extent to which populations may be vulnerable to climate change, through combining climate models with bottom-up vulnerability assessments, will be one of the main challenges for the years ahead. Other challenges will include designing and developing concrete, cost-effective adaptation projects and programmes that help the most vulnerable to adapt to climate change, mobilizing additional financial support for their implementation, improving early warning systems and vulnerability analysis to better assess the risks associated with climate change, and improving preparedness and upscaling risk reduction activities and logistic arrangements for responding to climate-related shocks. The current food crisis is also raising the need for a thorough study of the impacts of climate change on food production.

52. Climate change is also one of the major drivers predicted to cause a decline in biodiversity. The biodiversity loss and the direct impacts of climate change on ecosystems can cause a decline in ecosystem services, affecting the well-being of people, especially that of the rural poor who are heavily dependent on ecosystem services. Therefore, climate change adaptation activities must focus on building the resilience of communities, especially rural communities which have highly limited insurance mechanisms directed against climate change impacts. The core activities

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[15] See, for example, the addendum to the report of the independent expert on minority issues of the Human Rights Council, on achieving the Millennium Development Goals for minorities: a review of MDG country reports and poverty reduction strategies (A/HRC/4/9/Add.1 and Corr.1; and the report of the Special Rapporteur of the Commission on Human Rights on the situation of human rights and fundamental freedoms of indigenous people (E/CN.4/2003/90).

[16] United Nations, *Treaty Series*, vol. 1771, No. 30822.

[17] United Nations Development Programme, *Human Development Report 2007/2008: Fighting Climate Change: Human Solidarity in a Divided World* (New York, New York, Palgrave Macmillan, 2007).

should include management and use of biodiversity as well as restoration of degraded ecosystems.

E. Biodiversity

53. A major challenge for biodiversity conservation and ecosystem restoration is to make a convincing argument for their economic and social benefits. It is important to know the total economic value of ecosystem services. Examples like the wetlands utilized for water purification in Kampala, the mangroves in Asia and the forests in Panama all demonstrate the importance of ecosystem services in reducing rural poverty and improving well-being. There is an urgent need to reflect the true value of biodiversity conservation in trade-off analyses of economic activities so as to demonstrate that the net socio-economic returns of any rural development strategy are positive.

F. Role of female farmers

54. In many developing countries, agriculture is the most important sector for female employment, especially in Africa and Asia, where women provide 42 per cent of the labourers in the sector. It has been estimated that rural women produce more than half of the food grown in the world. In South-East Asia, women provide up to 90 per cent of labour in rice cultivation. In addition, women play a key role in non-farm ancillary services, such as sale of produce. They merit targeted programmes in both extension and education, for example, for non-farm and on-farm financial record-keeping and organization. Women also engage in such activities as agro-tourism, weaving, and light manufacturing work, which often require credit and other aids for small business.

55. Despite the role that women play in reducing food insecurity through their knowledge of crop production, local biodiversity, soils and local water resources, they are often excluded from decision-making processes in new agricultural water management approaches and other projects on natural resource allocation. Women's limited access to water is also often coupled with their limited access to land. Securing access to land among poor farmers, particularly women, can lead to securing water rights, which, in turn, leads to access to other resources such as financial services and investment in farms, offering the potential to improve livelihoods and reduce water wastage.

G. Effects of increased biofuel production

56. The trend towards biofuel expansion has grown exponentially in recent years. The emerging biofuels market is a new and significant source of demand for some agricultural commodities such as sugar, maize, cassava, oilseeds and palm oil. The fact that these commodities, used predominantly as food, are now being grown for utilization in producing biofuels exerts added pressure on food prices. However, the full impact of biofuel production on food prices needs to be examined further. Disaggregated and deeper analysis should lead to policies on biofuels that are efficient, environmentally sustainable and consistent with the needs of food security.

57. In designing future policies, it is also necessary to maximize the potential opportunities. While farmers are involved in growing feedstock for bioenergy, rural workers can be employed in the transportation and processing sectors.[18] Biofuel production could also benefit poor producers in remote areas, areas that are distant from consumption centres, and where food production is non-competitive.

58. Biofuel expansion and high commodity prices can add capital inflows and create employment opportunities if institutional mechanisms are put in place to ensure that rural communities are partners in the process. Moreover, the efforts should be enhanced towards using second-generation biofuels, obtained from plant residue and animal wastes, which can minimize land-use change and eliminate the emissions associated with the current biofuels programmes.

H. Financing rural development and agriculture

59. The need for productivity increase, infrastructure, and research and development in the area of improved seeds and cultivation methods all require the injection of financial resources. The long-declining trend of ODA for rural development and agriculture must be reversed. To ensure optimal results, there is a need to promote collaboration among development partners and to ensure greater aid effectiveness, particularly for the assistance provided for rural development. New bilateral donors are becoming an important source of official assistance for agricultural development. Another encouraging sign is a rapid increase of private investment in the agricultural value chain. However, care must be taken to ensure that smallholder farmers will be included in this value chain. Further encouragement is coming from private foundations, in particular in respect of research and development.

60. Further efforts are needed to increase the access of smallholder farmers to financial resources. Building on the successes, microfinance should improve service coverage for agricultural activities. Access to financial services through ICT should also be improved, in particular in rural areas; this helps to reduce transaction costs.

I. Improving the benefits of trade liberalization

61. The Doha Round of trade negotiations is meant to be a "development round", with development and poverty reduction as its top priority. Agriculture is one of the key issues included in the negotiations. Progress has been very slow. The vexed issue of agricultural subsidies in developed countries needs to be resolved very soon so that the objective of providing support to agricultural development in poor countries may be attained.

62. Agriculture alone would produce roughly two thirds of the gains that could be anticipated from full liberalization of merchandise trade.[19] Full trade liberalization

[18] Peter Hazell and R. K. Pachauri, eds., "Bioenergy and agriculture: promises and challenges", 2020 Focus, No. 14, Brief 1 of 12, 2020 Vision for Food, Agriculture, and the Environment, initiative of the International Food Policy Research Institute (New Delhi, The Energy and Resources Institute, December 2006).

[19] Richard Newfarmer, ed., *Trade, Doha, and Development: A Window into the Issues* (Washington, D.C., World Bank, November 2005), p. 16.

is expected to generate higher incentives for agricultural production and to increase the developing-country share in agricultural trade.[20] Policies such as tax reforms to compensate for reduced tax revenues from trade and public investment in infrastructure, for example, in irrigation, roads and research and development, so as to improve agricultural competitiveness, may be required. The net food buyers in developing countries may be affected by liberalization and may need assistance if they are to adjust to the change and have the ability to eventually benefit from the liberalization. The current situation of high food prices offers an opportunity to address these issues more constructively and urgently.

J. Investment in science and technology

63. Research and development play a major role in enhancing agricultural productivity. The experience of the green revolution in Asia attests to this. In order to bring about the green revolution in Africa, suitable seeds and cultivation methods need to be developed. There is a need to increase investment in agricultural research and development, in particular as aimed at increasing productivity in Africa. Regional cooperation would be effective so as to consolidate the efforts and share the results among countries with similar ecological conditions. Public-private partnership may also be utilized for efforts to facilitate development and transfer of technology. Biotechnology offers great potential in this regard, provided that due caution is paid to human and environmental impacts. Considering the costs of development and regulatory requirements, international support is greatly needed in order to capture the opportunity offered by biotechnology.

64. As already mentioned in section III.B on infrastructure, improvements in ICT also offer an opportunity in this context by reducing the cost of processing and transmitting information, thereby facilitating access to information on agricultural technologies and market information.

IV. The way forward and recommendations

65. The challenge of rural poverty reduction is even greater today than it was in 2003. New challenges of great magnitude are threatening to push the rural poor ever deeper into poverty. The increase in global food prices impacts directly on the poorest in rural areas, who are net or absolute food buyers. For this group, there is an ever greater urgency as regards improving agricultural productivity and increasing food production. Yet, at the same time, the effects of climate change are undermining agricultural production — particularly in the more marginal areas where large numbers of the rural poor live.[21] It is vital that an integrated approach to rural development be pursued, one demonstrating the links among environmental sustainability, agricultural productivity and rural poverty. The Economic and Social Council may wish to consider adopting a programme on rural development with the following elements.

[20] *World Development Report 2008: Agriculture for Development* ...

[21] International Fund for Agricultural Development (IFAD), "Meeting the challenge by delivering results: IFAD 2010-2012", draft VII.

66. **In the short run:**

(a) **The international community should act swiftly to protect the most vulnerable against the current rapid increase in food prices. Sufficient support should be given to humanitarian agencies in order to cover the shortfall in their budgets and substantial additional resources should be provided, as the crisis requires additional funding. Necessary support should also be extended to Governments of net food-importing developing countries in order to ensure that social protection programmes are not cut back and reach those who are affected. Care must be taken so that these short-term measures do not undermine efforts over the medium-to-long term to promote rural development and agricultural production;**

(b) **The international community and national Governments should provide expanded or accelerated assistance to ensure access by poor farmers to production inputs, such as improved seeds and fertilizers, so as to enable them to maintain or expand food production in the next growing season;**

(c) **States members of the World Trade Organization are encouraged to make every effort to lead the Doha Round of trade negotiations to a successful conclusion, with real substantial benefit to development, particularly enhanced market access for developing countries.**

67. **In the medium-to-long run:**

(d) **The development partners, including the United Nations system, should:**

(i) **Improve the coordination of activities for the integration of rural development initiatives into national development strategies and increase investment in rural areas;**

(ii) **Improve assistance for productivity growth through the application of innovation, research and development. More efforts need to be directed towards bringing about the green revolution in Africa;**

(iii) **Increase assistance for building and improving infrastructure, including roads, transport, safe drinking water and sanitation, irrigation, power and telecommunication, that is necessary to improve the livelihood of the rural poor and increase agricultural production;**

(iv) **Improve assistance to programmes targeting the enhancement of women's productivity and access to income, as well as those targeting other vulnerable groups, such as indigenous peoples and minorities;**

(e) **All stakeholders should:**

(i) **Improve the understanding of the impacts of increased biofuel production on food prices, livelihoods of the poor and the environment;**

(ii) **Address the impact of climate change on the rural poor, design and develop concrete, cost-effective adaptation programmes for the rural poor, mobilize additional financial support for their implementation, improve early warning systems and vulnerability analysis to better assess the risks associated with climate change, and improve preparedness and upscale risk reduction activities;**

(iii) **Launch concrete actions designed to manage and use biodiversity as well as to restore degraded ecosystems in a sustainable and efficient manner and to ensure equitable provision of ecosystem services;**

(f) **National Governments could:**

(i) **Integrate policies on rural development into national development strategies; and the alignment of agricultural strategies with investment priorities, and the reallocation of budgetary resources to more effective productivity-enhancing policy instruments should be supported;**

(ii) **Increase public funding on research and development, forming partnership with coalitions of producers and agribusinesses involved with particular commodities or value chains;**

(iii) **Assist in the development of farmers organizations, civil society organizations and other institutions for collective action to catalyse the demand for the research and extension services that will help producers participate in markets and to ensure their benefiting from new opportunities;**

(iv) **Support policies and institutions that link public and private research centres to farmers, this being critical in diffusing new technologies and knowledge; in this regard, linking up with international sources of knowledge and tapping into the international pool of publicly available technology constitute important steps towards enabling the green revolution to take hold in Africa;**

(v) **Effectively manage the environmental impacts of climate change and natural resource depletion on food production;**

(vi) **Improve policy and regulatory frameworks for the management of growing biofuels demand and its potential impact on food security;**

(vii) **Intensify the application of science, technology and innovation to traditional agricultural practices, which would include engaging in adaptive research, and integrating knowledge with local production.**